

CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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REPORT

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The East German State Budget for 1955 which was confirmed by the Volkskammer on 28 May 1955 was supplemented by a decree of the Council of Ministers. The Council of Ministers' decree set down the following tasks for the various governmental agencies in connection with the Budget's implementation:

1. All agencies of East Germany were ordered to adhere closely to the Budget and strict economy was demanded of all to finance it. Close control was to be exercised over all expenditures, reserves on hand were to be used up wherever possible and the profitability of operations (Rentabilitaet) in all enterprises to be increased systematically.
2. Minister for Finance, Dr. Johannes Loch, and President of the Deutsche Notenbank, Grete Kuckhoff, were ordered to produce by 15 June 1955 a plan whereby the finance offices would be able to stimulate the working population to dispense with state subsidies, economize on investment funds and increase the state Akkumulation. The savings thus carried out on the "initiative of the working population" were not to be made at the expense of other aspects of enterprise operations, however.
3. The Ministry for Construction was ordered to cut its incidental expenses connected with wages (Lohnnebenkosten) by 10 million DME by consolidating the building activities of enterprises on a local level. Further costs decreases were to be obtained by standardizing the construction of schools, kindergartens, hospitals and children's homes.
4. The Ministries for Heavy Machine Construction and General Machine Construction were ordered to introduce measures by 20 July 1955 which would assure that their respective planned productions would be completely covered by orders. In addition, both were to introduce immediately direct deliveries to the Handelsorganization (HO) stores via the trade organs to reduce the cost of goods circulation and to get products to consumers more quickly.
5. The Food Ministry was instructed to see that future investments in private and cooperative dairies be financed through credits and not by milk price supports.

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6. By 30 September 1955, the Deutsche Handelszentralen (DHZs) for Household Chemicals, Food, Textiles, Leather, Furniture, Wooden Articles, Cultural Goods and Office Supplies were to be completely liquidated. In no case were these liquidations to have the effect of decreasing the budget Akkumulation of the ministry under which the DHZs formerly operated.

7. The Minister for Transportation Affairs, Erwin Kramer, was instructed to finance and account for the Reichsbahn Ausbesserungswerke, Reichsbahnbaunion, separately within his ministry.<sup>1</sup>

8. The Office for Water Engineering was ordered to submit by 31 July 1955 suggestions for increasing the rates for water supplied by state water-supplying enterprises to agriculture.<sup>2</sup>

9. The chairmen of the Bezirke Councils (Raete der Bezirke) were required to see that:

a) The chairmen of the Kreis Councils make available to the Bezirke Councils 20% of the net profits in excess of plan of the local nationalized economy. This sum was to be put into a special account and used for prize awards and for developing improvement suggestions of wide-spread importance.

b) The Kreis Councils were also to set aside a sum amounting to 0.75% of the budget volume as a reserve.

10. To increase the savings of the population, the Ministry for Finance was ordered to initiate the following measures during 1955:

a) Pay 5% interest after 1 January 1956 on long-term savings falling due on 31 December 1955, if the savings deposits were left in the accounts. The same interest would accrue to balances from the National Reconstruction Program of 1952 falling due after 1 July 1956.

b) Pay 2% interest on salary accounts after 1 June 1955 to encourage wage and salary allotments to such accounts.

c) Make available 1% of any achieved increase in savings over and above the year's plan for award payments to savings bank employees to stimulate their interest in increasing savings deposits.

d) Awards in the nationalized economy and in the administration were generally not to be paid in cash.

11. The Ministry for Finance was ordered to block all reserves which might accrue in the budget as a result of unspecific planning or of failure to put capacity to full use.

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2. Comment: [redacted] it was reported that - 25X1  
water rates to industrial consumers in East Germany  
were to be increased as of 1 January 1956. 25X1

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